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DEPARTMENT OF AUDITOR-CONTROLLER**

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December 14, 2009

TO: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy L. Watanabe*  
Auditor-Controller

SUBJECT: **CITY OF COMPTON – COMPTON CAREERLINK CONTRACT REVIEW  
– A COMMUNITY AND SENIOR SERVICES WORKFORCE  
INVESTMENT ACT PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of the City of Compton – Compton Careerlink (Compton Careerlink or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

**Background**

CSS contracts with Compton Careerlink, a government organization, to provide and operate the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs. The WIA Adult and Dislocated Worker Programs assist individuals in obtaining employment, retaining their jobs and increasing their earnings. The WIA Rapid Response Program provides assistance to companies that are facing a reduction in their workforce and assists the soon-to-be dislocated workers in career transitions by providing orientation seminars, workshops and materials. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 - 21 years old. Compton Careerlink's office is located in the Second District.

Compton Careerlink is compensated on a cost reimbursement basis and had a contract for \$1,194,455 for Fiscal Year (FY) 2008-09.

### **Purpose/Methodology**

The purpose of our review was to determine whether Compton Careerlink complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We interviewed Agency staff and evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

### **Results of Review**

Compton Careerlink billed CSS \$11,114 in questioned costs. Specifically, Compton Careerlink billed CSS:

- \$3,675 in unsupported training and tuition expenditures.
- \$3,633 in FY 2007-08 for expenditures incurred in FY 2008-09.
- \$2,973 and \$833 in unsupported security and rent expenditures, respectively.

Additionally, Compton Careerlink did not always comply with County contract requirements. For example, Compton Careerlink:

- Did not obtain criminal record clearances for two (40%) of the five employees sampled as required by Part II, Section 27.4 of the County contract. Subsequent to our review, Compton Careerlink provided a letter from the City of Compton's Human Resources Department certifying that criminal record clearances have been completed for all employees assigned to the WIA Programs.
- Did not meet all their FY 2008-09 third quarter planned performance outcomes for the WIA Youth and Dislocated Worker Programs.
- Did not update the participants' program activities on the Job Training Automation System within 12 days following the reporting period for four (40%) of the ten participants sampled as required by WIA Directive LACOD-WIAD08-20.

In addition, Compton Careerlink's Single Audit Report for the year ending June 30, 2008, reported 37 significant deficiencies in regards to internal controls over financial statement reporting, of which 15 were material weaknesses. According to the Agency's response to the Single Audit Report, the Agency indicated that they will correct the deficiencies in their internal controls and implement the recommendations in FY 2009-10. During our FY 2009-10 monitoring review, we will verify whether the Agency corrected the deficiencies in their internal controls and implemented the recommendations noted in their Single Audit Report.

Details of our review, along with recommendations for corrective action, are attached.

**Review of Report**

We discussed our report with Compton Careerlink and CSS on September 10, 2009. In their attached response, Compton Careerlink repaid \$3,675 of the questioned costs and disagreed with some of our findings. As our findings were based on the County contract requirements and WIA guidelines, CSS concurs with our findings and recommendations. Compton Careerlink's management needs to provide CSS the documentation to support the remaining \$7,439 (\$11,114 - \$3,675) in questioned costs they are disputing.

We thank Compton Careerlink for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer  
Cynthia D. Banks, Director, Community and Senior Services  
Charles Evans, City Manager, City of Compton – Compton Careerlink  
Eric J. Perrodin, Mayor, Chairperson, City of Compton – Compton Careerlink  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
CITY OF COMPTON – COMPTON CAREERLINK  
FISCAL YEAR 2008-09**

**ELIGIBILITY**

**Objective**

Determine whether the City of Compton – Compton Careerlink (Compton Careerlink or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for 30 (22%) (10 youths, 10 adults and 10 dislocated workers) of the 135 participants that received services from July 2008 through April 2009 for documentation to confirm their eligibility for WIA services.

**Results**

Compton Careerlink maintained appropriate documentation to support the eligibility of the 30 participants sampled.

**Recommendation**

None.

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for 30 (22%) participants that received services from July 2008 through April 2009.

**Results**

**Youth**

Compton Careerlink did not update the participants' program activities, such as supportive services, on the Job Training Automation (JTA) System within 12 days

following the reporting period for four (40%) of the ten participants sampled as required by WIA Directive LACOD-WIAD08-20. The State of California Employment Development Department and the Department of Labor use the JTA System to track WIA participants activities. A similar finding was also noted during the prior three years' monitoring reviews.

#### Adult and Dislocated Worker

Compton Careerlink did not complete the Individual Employment Plans (IEPs) for one (5%) of the 20 Adult and Dislocated Worker participants sampled as required by WIA Directive IB-DWA-00-008. Specifically, WIA guidelines require that an IEP must be used to provide intensive services to unemployed workers unable to obtain employment through core services and to employed workers who need additional assistance to obtain or retain employment. However, Compton Careerlink did not complete an IEP for a participant who received intensive services as required. The IEP is an on-going plan, jointly developed by the participants and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals. A similar finding was also noted during the prior year's monitoring report.

#### Recommendations

**Compton Careerlink management ensure that staff:**

- 1. Update the JTA System within 12 days following the reporting period to accurately reflect the participants' program activities.**
- 2. Complete the IEP for the WIA Adult and Dislocated Worker participants who received intensive services.**

#### PERFORMANCE OUTCOMES REVIEW

##### Objective

Determine whether Compton Careerlink met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

##### Verification

We compared the Agency's Fiscal Year (FY) 2008-09 actual performance outcomes for the third quarter to the planned performance outcomes outlined in the County contract.

**Results**

Compton Careerlink met all the FY 2008-09 third quarter planned performance outcomes for the WIA Adult Program. However, Compton Careerlink did not meet all the FY 2008-09 third quarter planned performance outcomes for the WIA Youth and Dislocated Worker Programs. Specifically:

FY 2008-09 3RD QUARTER PERFORMANCE OUTCOMES												
WIA PROGRAMS	ENROLLMENTS			TRAINED			EXITS			PLACEMENTS		
	Planned	Actual	% Enrolled	Planned	Actual	% Trained	Planned	Actual	% Exited	Planned	Actual	% Placed
YOUTH	MET PLANNED PERFORMANCE OUTCOMES			8	1	13%	35	1	3%	30	1	3%
DISLOCATED WORKER	MET PLANNED PERFORMANCE OUTCOMES			MET PLANNED PERFORMANCE OUTCOMES			17	13	76%	15	11	73%

**Recommendation**

3. Compton Careerlink management ensure that planned performance outcomes are met as required by the County contract.

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed Compton Careerlink's bank activity for February, March and April 2009.

**Results**

Generally, Compton Careerlink maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

**Recommendation**

None.

**COST ALLOCATION PLAN****Objective**

Determine whether Compton Careerlink's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in November 2008, December 2008, February 2009 and March 2009 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

Generally, Compton Careerlink's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

**Recommendation**

None.

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 12 non-payroll expenditure transactions billed by Compton Careerlink for November 2008, December 2008, February 2009 and March 2009, totaling \$7,789.

**Results**

Compton Careerlink billed Community and Senior Services (CSS) \$3,675 in unsupported training and tuition expenditures in their December 2008 invoice for the WIA Dislocated Worker Program. Specifically, the Agency included under-billings from the prior month for training/tuition expenditures, totaling \$3,675. However, the adjustments were not supported by the Agency's general ledger, or any other documentation, such as an invoice. A similar finding was also noted during the prior year's monitoring review.

**Recommendations****Compton Careerlink:**

4. Repay CSS \$3,675 or provide documentation to support the program expenditures.
5. Maintain adequate documentation to support the program expenditures.

**ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

Compton Careerlink's Single Audit Report for the FY ending June 30, 2008, reported 37 significant deficiencies in their internal controls over financial statement reporting, of which, 15 were material weaknesses. According to the Agency's response to the Single Audit Report, Compton Careerlink indicated that the Agency will correct the deficiencies in their internal controls and implement the recommendations in FY 2009-10. During our FY 2009-10 monitoring review, we will verify whether the Agency corrected the deficiencies in their internal controls and implemented the recommendations noted in their Single Audit Report.

Compton Careerlink did not always conduct a price analysis as required by WIA Directive D-DWA-00-037. According to Compton Careerlink personnel, small purchases, such as office supplies, are purchased using the same vendor without conducting a price analysis. However, WIA Directive D-DWA-00-037 requires some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action regardless of the dollar amount.



**Recommendations****Compton Careerlink management:**

6. Ensure that deficiencies in the internal controls and the recommendations identified in the Single Audit Report are implemented in FY 2009-10.
7. Conduct a price analysis for all purchases.

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether Compton Careerlink's fixed assets and equipment purchases made with WIA funds are used for the WIA Programs and are safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 15 items purchased with WIA funds, totaling \$15,800.

**Results**

Compton Careerlink used the equipment purchased with WIA funds for the WIA Programs. However, Compton Careerlink's FY 2008-09 inventory listing did not include six items that were listed in the FY 2007-08 inventory listing. According to Section 10.9 and Exhibit D, Attachment XV of the FY 2008-09 County contract, contractors are required to immediately report loss, destruction, or theft of property purchased with County funds to CSS upon notice that such event has occurred, or obtain prior written approval from CSS for the disposal or transfer of equipment. However, Compton Careerlink did not report the loss or theft of property to CSS, nor obtained written approval from CSS for the disposal or transfer of equipment as required. In their response dated September 29, 2009, Compton Careerlink indicated that they have updated their inventory listing, but the revised inventory listing has not been provided.

Compton Careerlink also entered 14 items, totaling \$4,815, twice on the inventory listing. In addition, Compton Careerlink purchased 37 items, totaling \$16,838, during FY 2001-02 through FY 2006-07. However, Compton Careerlink did not include the 37 items in the inventory listing until FY 2008-09. Agency management indicated that the discrepancies were because they provided a partial listing in error. However, to date, Compton Careerlink has not provided a complete inventory listing.

**Recommendations****Compton Careerlink management:**

8. Immediately report loss, destruction, or theft of property purchased with County funds to CSS upon notice that such event has occurred, or obtain prior written approval from CSS for the disposal or transfer of equipment as required.
9. Ensure that the inventory listing is accurate and complete.

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll expenditures were appropriately charged to the WIA Programs. In addition, determine whether the Agency obtained criminal record clearances, verified employability, and maintained current driver's licenses and proof of automobile insurances for the employees assigned to the WIA Programs.

**Verification**

We traced the payroll expenditures invoiced for ten employees and 19 participants totaling \$46,783 for March 2009 to the Agency's payroll records and time reports. We also interviewed one staff member and reviewed the personnel files for five employees assigned to the WIA Programs.

**Results**

Compton Careerlink appropriately charged payroll expenditures to the WIA Programs. However, the Agency did not obtain criminal record clearances, which includes fingerprinting, as required by Part II, Section 27.4 of the County contract for two (40%) of the five employees sampled.

Subsequent to our review, Compton Careerlink provided a letter from the City of Compton's Human Resources Department certifying that they did obtain criminal record clearances, which included fingerprinting, for all employees assigned to the WIA Programs.

**Recommendation**

10. Compton Careerlink management ensure that criminal record clearances, including fingerprinting are obtained for all employees.

**CLOSE-OUT REVIEW****Objective**

Determine whether the Agency's FY 2007-08 final close-out invoices for the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs reconciled to the Agency's financial accounting records.

**Verification**

We traced Compton Careerlink's FY 2007-08 general ledgers to the Agency's final close-out invoices for FY 2007-08. We also reviewed a sample of expenditures incurred in April, May and June 2008.

**Results**

Compton Careerlink's FY 2007-08 general ledgers reconciled to the Agency's FY 2007-08 final close-out invoices. However, Compton Careerlink billed CSS \$7,439 in questioned costs. Specifically, Compton Careerlink billed CSS:

- \$3,633 in FY 2007-08 for supportive services expenditures incurred in FY 2008-09. In addition, Compton Careerlink did not maintain adequate documentation, such as signed receipts, to support the expenditures. A similar finding was also noted during the prior year's monitoring review.
- \$2,973 in unsupported security expenditures. Compton Careerlink did not maintain documentation to support the expenditure allocations. A similar finding was also noted in the prior year's monitoring review.
- \$833 in unsupported rent expenditures. Compton Careerlink did not maintain documentation, such as an invoice, to support the rent expenditures.

In addition, Compton did not report expenditure accruals on the FY 2007-08 final close-out invoice as required by WIA Directive LACODWIAD08-19.

**Recommendations**

**Compton Careerlink management:**

**Refer to Recommendation 5.**

- 11. Repay CSS \$7,439 (\$3,633 + \$2,973 + \$833) or provide documentation to support the program expenditures.**
- 12. Ensure that accruals are reported every quarter as required.**



Compton CareerLink  
WorkSource California Center

September 29, 2009

Ms. Wendy L. Watanabe, Auditor-Controller  
Department of Auditor-Controller  
Countywide Contract Monitoring Division  
350 S. Figueroa Street, 8<sup>th</sup> Floor  
Los Angeles, CA 90071

Dear Ms. Watanabe:

Below please find the City of Compton CareerLink's responses to the Los Angeles County Auditor Controller's review of our FY 2008-09 Adult, Youth and Dislocated Worker programs.

**Billed Services/Client Verification**

**Youth**

Compton CareerLink did not update the participant's program activities, such as supportive services, on the Job Training Automation (JTA) System within 12 days following the reporting period as required by WIA Directive LACOD-WIAD08-20 for four (40%) of the ten participants sampled. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

**Adult and Dislocated Worker**

Compton CareerLink did not complete the Individual Employment Plans (IEPs) as required by WIA Directive IB-DWA-00-008 for one (5%) of the 20 Adult and Dislocated Worker participants sampled. Specifically, WIA guidelines require an IEP must be used to provide intensive services to unemployed workers unable to obtain employments through core services, and to employed workers who need additional assistance to obtain or retain employment. However, Compton CareerLink did not complete an IEP for the participant who received intensive services as required. The IEP is an on-going plan, jointly developed by the participants and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals.

**Recommendations:**

Compton CareerLink management:

1. Ensure that staff updates the JTA system within 12 days following the reporting period to accurately reflect the participants' program activities

2. Ensure that staff completes the IEP for the WIA Adult and Dislocated Worker participants who received intensive services

#### City of Compton Response

##### Youth Program

Compton agrees with the Auditor Controller's recommendations. Compton's MIS policy delineates that case managers have a deadline of the 10<sup>th</sup> of each month to submit MIS data pertinent to the prior month, in order to maintain client activity up-to-date and in compliance with WIA Directive LACOD-WIAD08-20. In addition, Compton has updated the MIS policy and is effective September 2009.

In order to assure that all information in the MIS forms is accurate and submitted in a timely manner, CareerLink staff will strictly adhere to the following steps:

- CareerLink Program Manager will conduct file reviews on a monthly basis, prior to the file being submitted to MIS unit for inputting
- During file reviews, CareerLink Program Manager will review all the activities provided and ensure that the MIS Enrollment Form is updated and reflective of all program activities provided to date.
- CareerLink Program Manager will obtain a listing of all client files submitted to MIS for inputting, by the 10<sup>th</sup> of each month, in order to reconcile the listing with the file reviews conducted during the month. CareerLink Program Manager will work with case management staff to update all client files not already submitted, in order to meet the MIS deadline of the 12<sup>th</sup> of each month.
- MIS staff will conduct a second review prior to MIS inputting. Any files with what appears to be inaccurate information will be returned to the Case Manager for review and corrections.

These steps have been added to CareerLink's MIS procedures as a check and balance mechanism to safeguard against any MIS errors and/or oversights, and in order to comply with the MIS submission deadline.

##### Adult and Dislocated Worker

Compton agrees with the Auditor Controller's recommendations. CareerLink's Case Management and IEP Development process dictates that all clients receiving Intensive Services must receive IEP development as a program activity. In order to ensure that an IEP is developed for all clients receiving Intensive Services, the following have been additions to our Case Management and IEP Development process and have been instituted on September 2009

In order to assure that all clients receiving Intensive Services receive IEP development as a program activity, CareerLink staff will strictly adhere to the following steps:

- CareerLink Program Manager will carefully review the JTA report on a monthly basis and conduct file reviews on clients enrolled in Intensive Services
- During file reviews, CareerLink Program Manager will review all the activities provided and ensure that the MIS Enrollment Form is updated and reflective of all program activities provided to date, including IEP development.
- In addition, CareerLink Program Manager will review each client file prior to approving any supportive services or training services, in order to ensure that an IEP has been developed with the client prior to the provision of services

These steps have been added to CareerLink's Case Management and IEP Development process, as a check and balance mechanism to safeguard against any errors and/or oversights, and in order to comply with WIA Directive IB-DWA-00-008 which requires completion of an IEP, on all clients receiving Intensive Services

#### **Performance Outcomes Review**

Compton CareerLink did not meet all the FY 2008-09 third quarter planned performance outcomes for the WIA Adult Program. However, Compton CareerLink did not meet all the FY 2008-09 3<sup>rd</sup> quarter planned performance outcomes for the WIA Youth and Dislocated Worker Programs. Specifically:

FY 2008-09 3RD QUARTER PERFORMANCE OUTCOMES												
WIA PROGRAMS	ENROLLMENTS			TRAINED			EXITS			PLACEMENTS		
	Planned	Actual	% Enrolled	Planned	Actual	% Trained	Planned	Actual	% Exited	Planned	Actual	% Placed
YOUTH	MET PLANNED PERFORMANCE OUTCOMES			8	1	13%	35	1	3%	30	1	3%
DISLOCATED WORKER	MET PLANNED PERFORMANCE OUTCOMES			MET PLANNED PERFORMANCE OUTCOMES			17	13	76%	15	11	73%

#### **Recommendation**

3. Compton CareerLink management ensure that planned performance outcomes are met as required by the County contract.

#### **City of Compton Response**

Compton agrees with Auditor Controller's recommendations. However, Compton met all planned performance outcomes for the Adult and Dislocated Worker programs for the 4<sup>th</sup> quarter. In addition, there was significant improvement in program performance outcomes for the Youth program for the 4<sup>th</sup> quarter. (See chart below) Please note that lower than expected performance in the Youth program was due to the loss of the Youth program Case Manager in December 2008 and the position remained vacant for the remainder of the fiscal

year Case management duties for the Youth Program were shared by the Adult and Dislocated Worker Case Managers for the period referenced above. Due to the City's lengthy hiring process, CareerLink has requested approval to hire staff on a temporary basis by November 1, 2009, to assist with program performance goals

FY 2008-09 4th QUARTER PERFORMANCE OUTCOMES												
WIA PROGRAMS	ENROLLMENTS			TRAINED			EXITS			PLACEMENTS		
	Planned	Actual	% Enrolled	Planned	Actual	% Trained	Planned	Actual	% Exited	Planned	Actual	% Placed
ADULT	57	66	115.8%	13	17	130.8%	54	49	90.7%	47	39	83.0%
DISLOCATED WORKER	25	48	192.0%	5	15	300.0%	25	23	92.0%	23	19	82.6%
YOUTH	65	59	91%	12	0	0%	62	35	56%	60	4	7%

#### Expenditures/Procurement

Compton CareerLink billed CSS \$3,675 in unsupported training and tuition expenditures in their December 2008 invoice for the WIA Dislocated Worker Program. Specifically, the Agency included an adjustment to the December 2008 invoice to bill and account for prior month's under-billing of training/tuition expenditures, totaling \$3,675. However, the adjustments were not supported by the Agency's general ledger, or any other supporting documentation, such as an invoice. A similar finding was also noted during the prior year's monitoring review.

#### Recommendations

Compton CareerLink:

4. Repay CSS \$3,675 or provide documentation to support the program expenditures.
5. Maintain adequate documentation to support the program expenditures.

#### City of Compton Response

City of Compton agrees with Auditor Controller's recommendation. Check # 179189 in the amount of \$3,675 dated September 15, 2009, has been processed. Additionally, City of Compton CareerLink will work closely with the Controller's Office to maintain adequate documentation to support the program expenditures.

**Administrative Controls/Contract Compliance**

Compton CareerLink's Single Audit Report for year ended June 30, 2008, reported 37 significant deficiencies in regards to internal controls over financial statement reporting, of which 15 were material weaknesses. According to the Agency's response to the Single Audit Report, Compton CareerLink indicated that the Agency will correct the deficiencies in their internal controls and implement the recommendations in FY 2009- 2010. During our FY 2009-2010 monitoring review, we will verify whether the Agency corrected the deficiencies in their internal controls and implemented the recommendations noted in their Single Audit Report.

Compton-CareerLink also did not always conduct a price analysis as required by WIA Directive D-DWA-00-037. According to Compton CareerLink personnel, small purchases, such as office supplies, are purchased using the same vendor without conducting a price analysis. However, WIA Directive D-DWA-00-037 requires some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action regardless of the dollar amount

**Recommendations**

Compton CareerLink management:

6. Ensure that deficiencies in the internal controls and the recommendations identified in the Single Audit Report are implemented in FY 2009-2010.
7. Conduct a price analysis for all purchases

**City of Compton Response**

**Single Audit Report**

- City of Compton agrees with Auditor Controller's recommendations and will ensure that to the best of its ability, deficiencies in the internal controls and the recommendations identified in the Single Audit are implemented. Further, we acknowledge that the 37 significant deficiencies, of which 15 were material weaknesses, listed in the City of Compton Single Audit report were not cited as findings for the CareerLink department specifically. The City of Compton departments listed includes: Planning and Economic Development (PEDD), Community Redevelopment Agency (CRA), Controller's Office and Local Housing Authority (LHA). Of the 15 material weaknesses, 6 have been resolved with the remaining 9 expected for implementation during the 2009-2010 fiscal year.

**Price analysis for purchases**



- City of Compton does not concur with finding #7 (Price analysis for purchases). Compton CareerLink did comply with WIA Directive D-DWA-00-037 as well as the City of Compton's policy #4.5: Procurement. During your interview of May 28, 2009, with Juana Viloria, City Controller Accountant, you were told that Compton CareerLink makes small purchases, such as office supplies, using the same vendor without conducting a price analysis. You indicated that Ms. Viloria, Accountant, provided you with this information on May 28, 2009. This is not Ms. Viloria's area of responsibility. Attached please find the cost price analysis conducted by CareerLink staff on May 11, 2009, in accordance with required procurement policies and procedures (Attachment A)

#### **Fixed Assets and Equipment**

Compton CareerLink used the equipment purchased with WIA funds for the WIA Programs. However, Compton CareerLink's FY 2008-09 inventory listing did not include six items that were listed in the FY 2007-08 inventory listing. According to Section 10.9 and Exhibit D, Attachment XV of the FY 2008-09 County contract, contractors are required to immediately report loss, destruction, or theft of property purchased with County funds to CSS upon notice that such event has occurred, or obtain prior written approval from CSS for the disposal or transfer of equipment. However, Compton CareerLink, did not report the loss or theft of property to CSS, nor obtain written approval from CSS for the disposal or transfer of equipment as required. Compton CareerLink also entered 14 items, totaling \$4,815, twice on the inventory listing. In addition, Compton CareerLink purchased 37 items, totaling \$16,838, during FY 2001-02 through FY 2006-07. However, Compton did not include the 37 items to the inventory listing until FY 2008-09.

#### **Recommendations**

##### **Compton CareerLink management:**

8. Immediately report loss, destruction, or theft of property purchased with County funds to CSS upon notice that such event has occurred, or obtain prior written approval from CSS for the disposal or transfer of equipment as required.
9. Ensure that the inventory listing is accurate and complete.

#### **City of Compton Response**

City of Compton does not concur with finding #8 (Immediately report loss, destruction, or theft of property purchased with County funds to CSS) and finding #9 (Ensure that the inventory listing is accurate and complete inventory listing). During the monitor review, you were provided with a portion of the master inventory listing that was intended for the City's Information Technology Division, to perform an assessment of older equipment to determine future usage. This was an error as you should have been provided with the

master list which accounts for all the fixed assets and equipment purchased by the City with County funds. As indicated in our exit interview, all equipment is accounted for and the current master inventory listing is accurate and complete. We are in compliance with *Section 10.9 and Exhibit D, Attachment XV of the FY 2008-09 County contract*

**Payroll and Personnel**

Generally, Compton CareerLink appropriately charged payroll expenditures to the WIA Programs. However, the Agency did not obtain criminal record clearances, which includes fingerprinting, as required by Part II, Section 27.4 of the County contract for two (40%) of the five employees sampled.

Subsequent to our review, Compton CareerLink provided a letter from the City of Compton's Human Resources Department certifying that they did obtain criminal record clearances, which included fingerprinting, for all employees assigned to the WIA Programs.

**City of Compton Response**

City of Compton agrees with finding #10 (Obtain criminal record clearances including fingerprinting for all employees). As indicated in your report, Compton CareerLink did provide verification certifying that criminal record clearances, which included fingerprinting were obtain for all employees assigned to WIA programs. We are in compliance with Part II Section 27.4 of the County contract; therefore no further action is required.

**Close-out Review**

Compton CareerLink's FY 2007-08 general ledgers reconciled to the Agency's FY 2007-08 final close-out invoices. However, Compton CareerLink billed CSS \$7,439 in questioned costs. Specifically:

- Compton CareerLink billed CSS \$3,633 in FY 2007-08 for supportive services expenditures incurred in FY 2008-09. In addition, Compton CareerLink did not maintain adequate documentation, such as signed receipts, to support the expenditures.
- Compton CareerLink billed CSS \$2,973 in unsupported security expenditures. Compton CareerLink did not maintain documentation to support the expenditure allocations.
- Compton CareerLink billed CSS \$833 in unsupported rent expenditures. Compton CareerLink did not maintain documentation, such as an invoice, to support the rent expenditures.

In addition, Compton did not report expenditure accruals on the FY2007-08 final closeout invoice as required by WIA Directive, LACODWIAD08- 19

**Recommendations**

Compton CareerLink management:

Refer to Recommendation 5

11. Repay CSS \$7,439 or provide documentation to support the program expenditures.
12. Ensure that accruals are reported every quarter as required.

**City of Compton Response**

Supportive Services expenditures

- City of Compton does not concur with this finding. City of Compton acknowledges that supportive services expenditures were incurred in FY 2007-08, specifically incentive gift cards. However, the gift cards were provided to 2007-08 clients as well as 2007-08 clients carried into FY 2008-09. Our gift cards register documents that a total of 145 cards were purchased at a price of \$3,625 plus shipping, totaling \$3,633. Fifty-five (55) cards were issued to FY 2007-08 clients and 90 cards are still on hand because we are unable to return them. City of Compton has appropriately documented the \$3,633 expense and therefore feels that the money should not be repaid. We disagree that a similar finding was noted in prior year's monitoring review.

Security expenditures

- City of Compton does not concur with the auditor's finding with regards to allocated percentages. According to our records, the allocated percentages are as follows: 76% for the City's General Fund, 4% for the Dislocated Worker Program, 7% for WIA Adult Program and 14% for the WIA Youth Program. Our documentation supports the allocations and reflects that the majority of Security service expenditures are paid for by the City of Compton. Therefore, we feel that the \$2,973 should not be repaid.

Unsupported rent expenditures

- City of Compton concurs with the finding that Compton CareerLink billed CSS \$833 in unsupported rent expenditures and did not maintain documentation, such as an invoice, to support the rent expenditures. Compton will reimburse CSS \$833, by December 31, 2009.

FY 2007-08 final closeout invoice accruals

- Additionally, City of Compton acknowledges that accruals were not noted on the FY 2007-08 closeout invoice; however this action was immediately corrected and accruals were reflected on subsequent invoices.

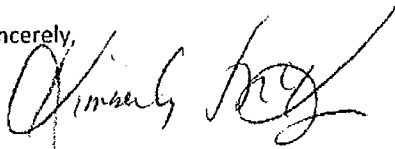
City of Compton concurs with Auditor's recommendation to maintain adequate documentation to support program expenditures and work with staff and other departments to ensure its implementation

**SUMMARY**

In summary, the City of Compton acknowledges payment to CSS in the amount of \$4,508 and will process payment by December 31, 2009.

We thank you for the opportunity to respond to your review.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kimberly McKenzie', written over a horizontal line.

Kimberly McKenzie, Director  
City of Compton CareerLink WorkSource Center

C: Charles Evans, City Manager  
Eric Perrodin, Compton Mayor  
Willie Norfleet, City Controller

Attachment

## ATTACHMENT A

May 11, 2009

City of Compton  
Compton CareeLink  
(310) 605-3050 Fax (310) 605-3067  
Quote for office supplies

Product	Quantity	Staples	TAJ	Office Depot
Copy Pater 8 1/2 X 11	15 cases	29.95	32.99	35.99
HP LaserJet Printer Cartridge Q7551A	5 ea	122.82	131.49	143.99
HP LaserJet Toner Cartridge C3903A	2 ea	79.26	91.74	96.99
Multiuse Carbonless Paper (4 parts) 8 1/2 X 11	1 case	191.28	89.00	249.99
Cardinal Xtralife Non-stick Clearvue D Ring Binders	1 ea	10.14	8.50	12.99
Casio 12 Digit Hr-100T Plus Printing Calculator	1 ea	20.99	24.79	35.99
At-A-Glance Day Minder Brand (4 Person)	1 ea	36.21	49.95	41.99
Easy Fold Storage Boxes (4 ct)	1 pk	17.99	49.95	8.99
Golf Pencils	2 bx	5.59	5.45	7.49
Perforated Writing Pads 5X8	1 dz	2.29	6.99	4.99
Perforated Writing Pads 8 1/2 X 11 3/4	1 dz	2.29	7.99	8.99
Papermate Grip stick Ballpoint Pens Med (Black)	5 dz	1.48	1.99	1.89
Papermate Grip stick Ballpoint Pens Med (Blue)	5 dz	1.48	1.99	1.89
Mesh Magazine Rack (10 pocket)	1 ea	79.99	66.99	79.95
	Sub-Total	1610.43	1665.29	1901.54
	Tax	132.86	137.39	156.88
	Total	1743.29	1802.68	2058.42